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**Equitable Securities Canada
Limited**

*Member of The Investment Dealers'
Association of Canada*

Head Office: 60 Yonge Street, Toronto 1

Telephone: 366-1141

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Other Offices:

**Montreal —Place Ville Marie.
866-3701.**

**Edmonton—300 Empire Building.
429-1262 and
424-3298.**

U.S. Subsidiary:

Equitable Canada Incorporated

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Equitable Brokers Limited

Member of The Toronto Stock Exchange

60 YONGE STREET, TORONTO 1

366-1141

THE WHITE PASS AND YUKON CORPORATION LIMITED

Capitalization

(September 30, 1967)

Funded Debt	\$ 4,378,450
Common Shares*	1,881,350
Capital Surplus	6,901,538
Earned Surplus	6,074,314
	<u>\$19,235,652</u>

*759,185 shares; this figure does not include 151,837 shares subject to issue under the recent rights offering.

Year
Ended
Dec. 31
1962
1963
1964
1965
1966

Condensed Operating Record

Net Operating Income (000)	Net Profit (000)	Cash Flow	Per Share Earned	Paid
\$1,865.5	\$477.0	\$1.68	\$0.63	\$0.25
1,807.5	509.9	2.51	0.68	0.25
2,181.9	504.3	2.58	0.67	0.25
1,870.3	523.8	2.10	0.69	0.25
3,133.4	983.3	3.68	1.28	0.30

The White Pass and Yukon Corporation is one of Canada's true pioneering companies. Its foundation was laid just before the turn of the century with the opening up of the Canadian northwest that followed the discovery of gold in the Klondike. In 1897 the B. C. Yukon Railway Company, the British Yukon Railway Company and the Pacific and Arctic Railway and Navigation Company were incorporated to operate a railway and ancillary business in British Columbia, the Yukon and Alaska. Construction of the railroad between Skagway in Alaska and Whitehorse in the Yukon was commenced in 1898 at the height of the gold rush and was finished in 1900. In that same year the gold fever abated and the hopes of the owners that they would be servicing a permanent mining complex were dissipated. In 1951 The White Pass and Yukon Corporation was incorporated as a holding company to acquire all the debentures and share capital of the four companies constituting The White Pass and Yukon System. A large number of the Company's shareholders are resident in England since the initial capital came from London, and International Utilities owns about 17% of the outstanding capital stock.

The Company is currently engaged in four areas of the transportation industry. It owns and operates (i) the 110 mile railway from Skagway to Whitehorse, (ii) a new 6000 ton container freighter which plies the Pacific Coast from Vancouver to Skagway, (iii) a trucking line that works the Alaska Highway and supplies various northern communities, and (iv) a petroleum products business in the Yukon consisting of tank farms, petroleum haulage tankers and a small pipeline. The entire system is containerized and in this the Company is a world leader. The freighter, put into service in 1965, is capable of loading and unloading 1600 cu. ft. (25' x 8' x 8') containers at a rate of one every three minutes onto specially adapted flat cars and trucks. Other machinery at the various freight yards easily transfers the containers between flat cars and trucks. As a result of this modern approach The White Pass and Yukon Corporation has one of the most efficient transportation systems in the world.

The improved earnings shown in the past 2 years result from the benefits of modernization together with recent mine and oil development in the Yukon. The Clinton Creek mine of Cassiar Asbestos and the mines of New Imperial and United Keno Hill are three of the Company's major clients. Two new

small mines, Mount Nansen and Arctic Mining, are scheduled to come into production in 1968. More notably The White Pass and Yukon Corporation has just been granted an 8 year contract by Anvil Mining Corporation to haul 30,000 tons per month of lead and zinc concentrates by truck and then train from its mine to Skagway. The mine has an estimated ore reserve of 63 million tons sufficient for 30 years of production and is currently undergoing a \$56 million development project to give it a capacity of treating 5500 tons of ore per day. Not only will White Pass haul out the concentrates but it will benefit from servicing the townsite of 1,500 people which is expected to be set up. The Anvil project with its precedent of assistance from the Canadian Government should facilitate the development of other large projects in the area such as Kerr Addison's Vangorda Creek property.

The Company will spend \$11 million on new equipment, mainly trucks and dock facilities, in the next 2 years; \$2.5 million has been raised through the recent rights issue, \$4.6 million has been borrowed from the bank, and the balance will come from surplus working capital, cash income, and equipment term financing. Although the railroad is narrow gauge and some facilities are out-dated, its capacity is ample for years to come. During the height of World War II there were as many as 17 trains per day but today there is, on average, only 1 train per day in each direction. With only the addition of an improved communications system and some extra sidings the number of trains could be increased to one every hour around the clock.

The earnings outlook for White Pass and Yukon is excellent. Mining developments in the Canadian northwest should raise annual gross revenue to about \$26 million in late 1969 compared to \$16 million this year while costs should increase at a slower rate because of existing excess capacity. In 1966 the Company earned \$969,827 or \$1.28 per share before capital gains on a gross revenue of \$14,501,736. Latest 12 months earnings for the period ending September 30, 1967 were \$1.58 per share and for the full year should approximate \$1.70 per share. At the recent price of \$26 The White Pass and Yukon Corporation is selling at 16.5 times latest 12 month earnings and is yielding 1.9% on the 50¢ dividend. We recommend the purchase of shares in the Company as an excellent and conservative means of participating in the development of Canada's northwest.